

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1065 - HB 1465

March 14, 2021

SUMMARY OF BILL: Prohibits an owner, developer, or other person from conditioning, reducing, withholding, or delaying payment pursuant to a construction agreement with a commercial building contractor by requiring the contractor to sign a waiver, release, or similar document that does not correspond directly to the specific work, services, materials, and labor for which the payment is due.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The proposed legislation could impact commercial building contracts entered into by state or local governments if such waiver was required; however, it is not estimated that requiring a commercial building contractor to sign a waiver that doesn't directly correspond with the work due is a common occurrence.
- No significant fiscal impact to state or local government.
- The Board for Licensing Contractors (BLC) can promulgate any rules to adhere to the proposed legislation within existing resources.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The BLC experienced a surplus of \$81,710 in FY18-19, a surplus of \$10,968 in FY19-20, and had a cumulative reserve balance of \$2,720,561 on June 30, 2020.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- Requiring a commercial building contractor to sign a waiver that doesn't directly correspond with the work due is not estimated to be a common occurrence; therefore, no significant impact to parties of private commercial building contracts.
- No significant impact to jobs or commerce in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive style with a large, stylized 'B' and 'S'.

Bojan Savic, Interim Executive Director

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